APPENDIX G.I – DRUG REBATE SERVICE REQUIREMENTS

| | Requirements | Supplier Response | Comments |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| | 6.1.1 Business Operations Support | Yes/No/ Future | |
| 1. | Does the Offeror agree to incorporate claims and invoicing data, and documentation of correspondence with labelers from the first calendar year 1991 forward in support of current invoice reconciliation/dispute process? Describe the approach. | | |
| 2. | Does the Offeror agree to incorporate data on drug rebate agreements between manufacturers and CMS, manufacturers and DMAS, under CMS and DMAS guidelines in support of current invoicing/dispute processing? Describe the approach. | | |
| 3. | Does the Offeror agree to conduct dispute resolution processes including a process of resolving drug rebate disputes between manufacturers and DMAS? Describe the approach. | | |
| 4. | Does the Offeror agree to provide information at the claims level detail to manufacturers for the purpose of resolving drug rebate disputes, perform dispute resolution according to OBRA 1990 drug rebate program guidelines, maintain documentation of drug rebate disputes resolutions, and produce audit trail for billing and adjustments on drug rebate dispute resolutions? Describe the approach. | | |
| 5. | Does the Offeror agree to train DMAS on the report generator web-based tool? Describe the approach. | | |
| 6. | Does the Offeror agree to provide a HELP feature through the web-based application? Describe the approach. | | |
| 7. | Does the Offeror agree to provide a User Manual with ongoing updates on the report generator web-based tool? | | |
| 8. | DMAS will maintain control of all cash deposits and posting to the general fund. Does the Offeror agree to be responsible for financial reporting, including preparation of the CMS 64-9R report and all other associated reports? | | |
| 9. | Does the Offeror agree to provide DMAS with a quarterly report in an agreed upon electronic form, showing the rebate amounts requested, recipient number, date of service, date of payment, NDC/procedure code, rebate program, amounts requested and rebate amount received? | | |
| 10. | Does the Offeror agree to maintain all receivables at the NDC level? | | |

| | Requirements | Supplier Response | Comments |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| 11. | Does the Offeror agree to provide reports and statistics to include but not limited to number and percentage of rebate dollars collected (sorted by rebate type), number and percentage of rebate dollars disputed, list of outstanding disputed dollars and manufacturer on a quarterly basis? Describe the approach. | | |
| 12. | Does the Offeror agree to attend CMS dispute resolution conferences and work with the manufacturers face to face to reduce outstanding rebate dollars? | | |
| 13. | Does the Offeror agree to send checks inadvertently sent to contractor as received and prepare a check receipt/sent tracking report and reconcile with DMAS financial staff on a daily basis? | | |
| 14. | The Commonwealth is interested in the Offeror's Medicaid Drug Rebate operational experience. Does the Offeror have CMS rebate experience with manufacturers? Describe the approach. | | |
| 15. | The Commonwealth is interested in the Offeror's Supplemental Drug Rebate operational experience. Does the Offeror have supplemental rebate experience with manufacturers? Describe the approach. | | |
| 16. | Does the Offeror have supplemental rebate experience tracking/maintaining rebate history with manufacturers? Describe the approach. | | |
| 17. | Does the Offeror have supplemental rebate experience with dispute resolution? Describe the approach. | | |
| | 6.1.2 Applications Support | Yes/No/ Future | |
| 18. | Does the Offeror propose a Drug Rebate system that adheres to the CMS Drug Rebate Program and meets the following criteria? CMS certified; meets OBRA 90 requirements; DRA 2005 requirements; and Keeps current with new CMS requirements as part of the proposed system. | | |
| 19. | Please describe any criteria not met and describe the approach. Does the Offeror agree to fulfill the following responsibilities? | | |
| 17. | Use CMS drug rebate data in rebate processing, Maintain CMS drug rebate agreement information, | | |

| | Requirements | Supplier Response | Comments |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| | Maintain data on-line for drug manufacturers with rebate agreements under CMS and Virginia guidelines, including Virginia's supplemental rebate program, Maintain applications, which must include the following information on manufacturers with drug rebate agreements: | | |
| | Manufacturer labeler code; Manufacturer product code; Manufacturer package code; Manufacturer name and contact names; Manufacturer mailing addresses; Time period (quarters) for which each rebate agreement is in effect; and Invoicing media. | | |
| 20. | Please explain any negative responses. Does the Offeror agree to identify NDCs that are not covered under the | | |
| | CMS or Supplemental rebate program? Describe the approach. | | |
| 21. | Does the Offeror agree to provide and operate a system that will convert HCPCS Codes that identify payments for specific drug NDCs to medical providers to 11 digit NDCs and capture the number of claims/prescriptions, and total reimbursed amount to be included on the quarterly drug rebate invoices? Describe the approach. | | |
| 22. | Does the Offeror agree to maintain a single source HCPCS cross-walk? Describe the approach. | | |
| 23. | Does the Offeror agree to maintain a Virginia specific multi-source HCPCS Code to NDC cross-walk? | | |
| 24. | If yes to previous question, does the Offeror allow DMAS to make modifications to the Virginia specific multi-source cross-walk maintained by the Offeror? Describe the approach. | | |
| 25. | Does the Offeror agree to conduct claims analysis on a quarterly basis prior to invoicing to determine new HCPCS Codes that can be added to the Virginia multi-source cross-walk? Describe the approach. | | |
| 26. | Does the Offeror agree to produce rebate invoices in accordance with CMS rebate instructions and incorporate DMAS requirements? | | |
| 27. | Does the Offeror agree to produce rebate invoices at DMAS specified intervals? | | |

| | Requirements | Supplier Response | Comments |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| 28. | Does the Offeror agree to produce rebate invoices according to and in formats specified by DMAS? | | |
| 29. | Does the proposed system incorporate both HCPCS Code and NDC information for professional claims? | | |
| 30. | Does the proposed system incorporate both HCPCS Code and NDC information for institutional claims? | | |
| 31. | Does the Offeror agree to convert data for invoice processing for Professional claims with HCPCS Codes using a Virginia specific multisource crosswalk? Describe the approach. | | |
| 32. | Does the Offeror agree to convert data for invoice processing for Institutional claims with HCPCS Codes using a Virginia specific multi-source crosswalk? Describe the approach. | | |
| 33. | Does the Offeror's Drug Rebate application currently invoice and track CMS rebates? If so, list current clients and contract dates. | | |
| 34. | Does the Offeror's Drug Rebate application currently invoice and track supplemental rebates? If so, list current clients and contract dates. | | |
| 35. | Does the Offeror agree to identify and exclude drug claims in the rebate invoicing process included in the federal cost-sharing program (PHS/340B)? Describe the approach. | | |
| 36. | Will the Offeror maintain the PHS/340B list of qualified providers on behalf of DMAS? | | |
| 37. | Does the Offeror agree to ensure the tracking and the level of participation from the 340B program and report changes to DMAS? Describe the approach. | | |
| 38. | Is the federal cost-sharing program (PHS/340B) list kept current with each invoicing period? | | |
| 39. | Does the Offeror agree to modify, calculate, and summarize claims data for incorporation in the invoice processing? | | |
| 40. | Does the Offeror agree to accept and incorporate into the drug rebate invoicing process other drug claims data such as institutional and professional? Describe the approach. | | |
| 41. | Does the Offeror agree to provide and operate a system that supports the capture and maintenance of data associated with drug rebate agreements between CMS and drug manufacturers for federally required rebates and agreements between the drug manufacturers and the Commonwealth for its supplemental rebate programs? Describe the approach. | | |

| | Requirements | Supplier Response | Comments |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| 42. | Does the Offeror agree to track federal and supplemental rebate invoiced dollars separately? | | |
| 43. | Does the Offeror agree to track payments separately for federal and supplemental rebates? | | |
| 44. | Does the Offeror agree to provide and operate a system that will automatically generate rebate invoices and cover letters in the media indicated by the manufacturer for multiple drug rebate programs? | | |
| 45. | Does the Offeror agree to provide and operate a system that will automatically determine rebate amounts and adjustments overdue, calculate interest, and send separate invoices to manufacturers? | | |
| 46. | Does the Offeror agree to link all adjustment activity to the quarter the original claim was paid? Describe the approach. | | |
| 47. | Does the Offeror agree to identify claims in a mutually agreeable format that may need to be retroactively adjusted by the claims processor and accept the adjusted claims for re-invoicing? | | |
| 48. | Does the Offeror agree to track adjustments, post-payments, and post credits based on CMS requirements? | | |
| 49. | Does the Offeror agree to preserve the characteristics of the invoice, claims data and correspondence as it appeared in the invoicing period? | | |
| 50. | Does the Offeror agree to reconcile payments to invoices by labeler at the NDC level and resolve disputes? | | |
| 51. | Does the Offeror agree to provide a web-based ad-hoc reporting tool available to produce ad-hoc reports based on data elements available in the rebate application and used by DMAS? Describe the approach. | | |
| 52. | Does the Offeror agree to create ad hoc reports that may be run by DMAS through a reporting tool? Describe the approach. | | |
| 53. | Does the Offeror agree as part of the proposed cost to create and provide reports on demand as requested by federal or state agencies, including, but not limited to, the Office of the Inspector General (both federal and state) and the Medicaid Fraud Control Unit? | | |
| 54. | Does the Offeror agree to maintain within the application data and documentation of correspondence with labelers from the first calendar year 1991 forward or available from current contractor? Describe the approach. | | |

| | Requirements | Supplier Response | Comments |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| | 6.1.3 Platform Management | Yes/No/ Future | |
| 55. | Precise connectivity details for the FA and MMIS Core Technologies may not be available until contract award. Does the Offeror agree to coordinate connectivity efforts with the MMIS Core Technology host? Describe approach and connectivity capabilities of the Offeror's company. | | |
| 56. | Does the Offeror agree that if there is a dependency with the Core technology, the Contractor is responsible for providing on-call application engineering support for the production job streams, if executed after-hours, as well as monitoring overall performance of the Offeror's technical solution? | | |
| 57. | Does the Offeror agree that if the MMIS Core Technology is hosted by another entity, the Contractor is responsible for participating in a Root Cause Analysis and that if the cause is determined to stem from a change attributed to the Contractor, a performance credit may be applicable? | | |
| 58. | A secure non-email method of transferring files greater that 8MB between DMAS, FA, MMIS Core Technologies, and DRS contractor technologies is required. Does the Offeror have a solution equal to or greater than 80K bytes/second based on the secured FTP protocol (for example, FTP VSHELL server from VanDyke) using strong encryption keys (greater than 128 bit)? Additionally, if the solution requires client licenses for access, include in response the maximum number of users the solution can support. Describe the solution. | | |
| 59. | Multiple data centers could be involved in housing technology components for the technical enterprise solution. Is the data center (s), if any, used in the Offeror's solution rated as Tier III or higher as per industry definitions? Provide a summary and describe all points of non-compliance if applicable. | | |
| 60. | Do the Offeror's technology standards and processes adhere to the Commonwealth of Virginia (COV) Information Technology Resource Management (ITRM) standards and guidelines as defined at http://www.vita.virginia.gov ? Describe the approach and all points of non-compliance. | | |
| 61. | Does the Offeror understand that its staff obtains MMIS user accounts through the DMAS contract monitor? | | |
| 62. | Describe the proposed technical solution and MMIS systems interface requirements. | | |

| | Requirements | Supplier Response | Comments |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| 63. | Does the Offeror agree that proposed help desk services will be required to meet the SLAs? | | |
| 64. | SLAs are required to be effective on 7/1/2010 and DMAS will consider SLAs that are not measurable as failed. Describe the approach for ensuring measurement capabilities are ready as of the effective date for the SLA measurement process to commence. | | |
| | 6.1.4 Documentation Management | Yes/No/ Future | |
| 65. | Does the Offeror agree to interface with the Enterprise Content Management (ECM) solution provided by the FA Contractor, loading any related documentation or scanned images to the ECM and retrieving content stored on the ECM? Describe the approach. | | |
| | 6.1.5 Security and Risk Management | Yes/No/ Future | |
| 66. | The Takeover/Turnover section requires the successful Offeror to prepare and maintain a security plan that covers its technology. Does the Offeror agree to prepare, implement, and maintain a DMAS-approved Security Plan that is compliant with the most stringent requirements from the list below: Section 1902 (a) (7) of the Social Security Act (SSA); HIPAA Security Rule, 45 CFR Parts 160, 162, and 164 Health and Insurance Reform: Security Standards: Final Rule, February 20, 2003 (or later); HIPAA Privacy Rule, 45 CFR Parts 160 and 164 Standards for Privacy of Individually Identifiable Health Information; Final Rule, August 14, 2002 (or later); COV ITRM Policy SEC500-02 dated: July 19, 2007 (revised) (or later); COV ITRM Standard SEC501-01 dated July 1, 2007 (revised) (or later); COV ITRM Guideline SEC508-00 dated April 18, 2007 (or later); and DMAS policies? Describe the approach and all points of non-compliance. | | |
| 67. | Does the Offeror agree to support the requirements listed in the COV ITRM Guideline SEC508-00 dated April 18, 2007 (or later), especially Section 2 | | |

| | Requirements | Supplier Response | Comments |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| | COOP, Section 3 IT Disaster Recovery Planning and Section 4 IT System and Data Backup and Restoration Planning? Describe the approach. | - | |
| 68. | Does the Offeror agree to provide annual Disaster Recovery (DR) testing (timing and DR tests to be coordinated with DMAS staff) for DRS Technology, including any MMIS Core Technology coordination? Describe the approach. | | |
| 69. | Throughout the term of the Contract, does the Offeror agree to provide internal contractor staff training (both initial and refresher courses) for security awareness (and other training) as required by federal, Commonwealth and DMAS security requirements as part of the appropriate safeguards that must be in place to ensure that protected health information (PHI) is properly accessed, used and disclosed for Rebate? Describe the approach. | | |
| 70. | Throughout the term of the Contract, does the Offeror agree to provide a list of its members of an onsite Intrusion Response Team as required by federal, Commonwealth and DMAS requirements (listed above), and each member's qualifications and certifications for both threat analysis and forensics, and in the event of a breach, provide immediate access to outside experts as required for Rebate? | | |
| 71. | Routing of emails over point-to-point telecommunications circuits between DMAS and the current FA, which is also the DRS contractor, is currently used to meet HIPAA security requirements. DMAS also supports Secure SMTP over Transport Layer Security (TLS) RFC 3207 over the internet. Does the Offeror agree that its proposed solution will include a method for secured industry standard email using strong encryption keys (greater than 128 bit) between DMAS and the DRS contractor throughout the contact term? Describe the preferred method and approach. | | |
| | 6.1.6 Change Management | Yes/No/ Future | |
| 72. | Are the Offeror's Change Management (CM) processes adaptable for coordinating systems interface changes with the MMIS CM release development processes? Describe the approach. | | |
| 73. | Submit the Offeror's Systems Development Life Cycle model and note its Capability Maturity Model Integration (CMMI) level for any proposed custom, proprietary, or COTS solutions. | | |
| 74. | What are the Offeror's CM processes for Platform Management (e.g., hardware, systems software, telecommunications, servers)? | | |

| | Requirements | Supplier Response | Comments |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| | Provide a description and/or current CM plan. | · | |
| 75. | Describe the Offeror's CM process for its proposed custom, proprietary, or COTS solutions. Explain in detail how DMAS can request/submit Change Requests. | | |
| 76. | Does the Offeror understand that its custom, proprietary, or COTS solution must remain current with Federal and State policies and DMAS directives? Describe the approach. | | |
| | 6.1.7.1 Takeover | Yes/No/ Future | |
| 77. | Does the Offeror agree to submit a Takeover approach plan with the proposal to include an MS-Project work plan addressing the project phases and major activities, an approach toward resource staffing the project, an approach to establishing a Contractor work location, an approach to converting Security profiles, an approach to converting documentation, an approach to migrating programs and data, and an approach to testing? | | |
| 78. | Does the Offeror agree to follow the Commonwealth's project-management methodology ITRM-CPM-112-02 as determined and communicated by DMAS and provide a project manager? | | |
| 79. | Does the Offeror agree to provide all takeover-phase deliverables including those defined in the Key Deliverables Chart (Appendix C) and aligned with Schedule A—Project Major Milestones Schedule? | | |
| 80. | Does the Offeror agree to provide DMAS with a Takeover Organization chart including a named project manager for the Takeover Phase? | | |
| 81. | Does the Offeror agree to support the requirements listed in the COV ITRM Guideline SEC508-00 dated April 18, 2007 (or later), especially Section 2 COOP, Section 3 IT Disaster Recovery Planning and Section 4 IT System and Data Backup and Restoration Planning? | | |
| 82. | Does the Offeror agree to prepare, implement, and maintain its DMAS approved Risk Management Plan that is compliant with the most stringent requirements from the standards listed below: • HIPAA Security Rule, 45 CFR Parts 160, 162, and 164 Health and Insurance Reform: Security Standards: Final Rule, February 20, 2003 (or later); | | |
| | COV ITRM Standard SEC501-01 dated July 1, 2007 (revised) (or | | |

| | Requirements | Supplier Response | Comments |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| | later); • COV ITRM Guideline SEC508-00 dated April 18, 2007 (or later); and • DMAS policies? | | |
| | Describe the approach and all points of non-compliance. | | |
| | Does the Offeror agree to conduct annual DR testing with DMAS with the scope of the DR test to include: | | |
| 83. | Coordination of a DR test plan and schedule with DMAS staff; Use of the DRS facility office space previously designated for DMAS to accommodate a limited DMAS staff (see staffing and section) involved in the DR tests; and Support of DR tests to include a DRS Applications test? | | |
| | Describe the approach. | | |
| 84. | Does the Offeror agree to work with any other contractors awarded a component of the MMIS re-procurement to ensure a successful installation? Describe the approach. | | |
| 85. | Does the Offeror agree to provide all deliverables to be used in the Operations Phase including those defined in the Key Deliverables Chart and aligned with Schedule A—Project Major Milestones Schedule? Describe the approach. | | |
| 86. | Does the Offeror agree to cooperatively work with DMAS and partners following one DMAS master project plan? Describe the approach. | | |
| 87. | Does the Offeror agree to manage Takeover activities in an MS-Project work plan and to provide the necessary weekly status to DMAS according to the Performance Reporting Summary section in Schedule B? Describe the approach. | | |
| 88. | Does the Offeror agree to support a Testing Audit effort with resources? Describe the approach. | | |
| 89. | Does the Offeror agree, as part of the Takeover Test Plan, to support a DMAS assigned independent testing audit effort with contractor resources? Describe the approach. | | |

| | Requirements | Supplier Response | Comments |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| 90. | Does the Offeror agree, as part of the Transition Phase, to deliver tracking and monitoring reporting that can be audited and to measure test performance against service level agreement metrics? Describe the approach. | | |
| 91. | Does the Offeror agree, as part of an Operations Phase Quality Plan deliverable, to provide tracking and monitoring reporting that can be audited, and measures ongoing performance against service level agreement metrics? Describe the approach. | | |
| | 6.1.7.2 Turnover at Contract Conclusion | Yes/No/ Future | |
| 92. | Does the Offeror agree to assign a Turnover manager at the end of the contract to participate in weekly Turnover meetings and to do the following: Provide responses to questions from DMAS or its successive contractor in writing within two business days (Business Owner determined) of Turnover notification; and Present written status reports detailing progress toward achieving milestones in the Turnover plan, identify Turnover risks and any corrective actions needed to keep tasks on schedule, and report on the updated work plan? Describe the approach. | | |
| 93. | Does the Offeror agree that the assigned Turnover manager will be accountable for coordinating input from the Offeror's operational experts in order to meet DMAS' and its successor entity's training needs? Describe the approach. | | |
| | Does the Offeror agree to develop and provide to DMAS the Turnover plan within thirty (30) days after receipt of Turnover notification from DMAS of its intent to terminate the contract that includes the following components: | | |
| 94. | Proposed approach to Turnover; Tasks and subtasks for Turnover; Milestones schedule for Turnover aligned with DMAS' milestones and plan; Production program and documentation update procedures for the | | |

| | Requirements | Supplier Response | Comments |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| | turnover phase; A Turnover checklist to be submitted, following the Turnover of operations, that documents the completion and results of each step of the Turnover plan; and A list of known risks and alert DMAS to subsequent risks as they are known? | | |
| 95. | Please explain any negative response and describe the approach. Does the Offeror agree, when requested by DMAS, to transfer on DMAS-approved electronic media all Turnover components required to operate the system—including but not limited to source code; JCL; data; updated computer programs; all system, user, and operations documentation; and records—to DMAS or its successor contractor or entity; to provide all electronic media used to transfer data and for all shipping charges; and to provide the electronic media using industry-standard DMAS designated utilities to copy? | | |
| | Please explain any negative response and describe the approach. 6.2 Contract Staffing Requirements | Yes/No/ Future | |
| 96. | Does the Offeror agree to provide staff to conduct the day-to-day operations of the Drug Rebate functions for the following: • Pharmacist Registered in VA; and • Rebate Analyst? Describe the approach. | | |
| 97. | Does the Offeror agree to provide a staff person to ensure that all services provided meet or exceed contract requirements? Describe the approach. | | |
| 98. | Does the Offeror agree to provide the required Key Staff and agree to the terms of approval and staff qualification? Describe the approach. | | |
| 99. | Does the Offeror agree to provide all necessary staffing resources for the Takeover Phase of the Contract? Describe the approach. | | |

| | Requirements | Supplier Response | Comments |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| 100. | Does the Offeror agree to provider hourly rates for all proposed staff with the exception of Key Staff? Describe the approach. | | |
| 101. | Does the Offeror understand that DMAS reserves the right to request additional hourly staff as it relates to new projects? Describe the approach. | | |
| 102. | Does the Offeror agree to provide an overview of the company's staff development programs and opportunities? Describe the approach. | | |
| 103. | Does the Offeror agree to retain adequate space to store paper documents received from the current contractor as well as space for paper documents it receives? | | |

APPENDIX G.II – DRUG REBATE SERVICES SERVICE LEVEL AGREEMENTS

6.1 Drug Rebate Service Level Requirements

The following minimum Service Levels are required as set forth in the Service Level Methodology. The Contractor must consistently meet or exceed the following Service Levels. The Service Level methodology and the identification of Service Levels associated with Performance Credits are detailed in Service Level Methodology.

Table G-1. Allocation Table

| Table # | Deliverable | Allocation % | | | |
|---------|-------------------------------------------------------------------------------|--------------|--|--|--|
| G-2 | Generate and mail CMS drug rebate invoices to the manufacturer | 75% | | | |
| G-2 | Generate and mail State Supplemental drug rebate invoices to the manufacturer | | | | |
| G-2 | Generate ad-hoc reports | 0% | | | |
| G-2 | Deliver CMS invoice statistical report | 0% | | | |
| G-2 | Deliver CMS Dispute resolution summary report | 0% | | | |
| G-2 | Deliver State Supplemental Dispute resolution summary report | 0% | | | |
| | Subtotal | 100.00% | | | |

Table G-2. Drug Rebate Service Level

DEFINITION

Drug Rebate Service Levels are defined as the Contractor's responsibilities in order to support the functions required to capture and maintain data associated with drug rebate agreements between CMS and drug manufacturers, and DMAS and manufacturers, prevent inappropriate approvals of payment requests, provide the capability to summarize utilization of pharmaceutical products to determine appropriate rebates for drug manufacturers, and create invoices based on the amount of the rebate.

| ID# | Deliverable | Service Measure | Performance Target | Minimum Performance % | |
|-----|--------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------|--|
| 1 | Generate and mail CMS drug rebate invoices to the manufacturer | Mail Invoices | 60 days from the end of the previous quarter | 100% | |
| 2 | Generate and mail State Supplemental drug rebate invoices to the manufacturer | Mail Invoices | 80 days from the end of the previous quarter | 100% | |
| 3 | Generate ad-hoc reports | Ad Hoc Reporting | 5 business days from request | 98% | |
| 4 | Deliver CMS invoice statistical report | Standard Report | 62 days from the end of the previous quarter | 98% | |
| 5 | Deliver CMS Dispute resolution summary report | Standard Report | 10 business days after the end of the previous quarter | 98% | |
| 6 | Deliver State Supplemental Dispute resolution summary report | Standard Report | 10 business days after the end of the previous quarter | 98% | |
| | | Formula | Number of requests or items completed of Performance Target /Total of all requests occurring during Measurement Interval. | | |
| | | Measurement Interval | Measure Weekly, Report Monthly. | | |
| | Measurement Tool Incident management Reports & direct measure and/or equivalent tools/processes. | | | | |

APPENDIX G.III DRUG REBATE SERVICES STATISTICS

This section provides statistical data to give offerors an understanding of the scope of the State Supplemental and Federal (CMS) drug rebate dollars invoiced and disputed. The information is provided for the last three (3) state fiscal years. Additional statistical information if available can be obtained by accessing the Statistical Record located on the DMAS website at http://www.dmas.virginia.gov/.

DRUG REBATE BY FISCAL YEAR FOR STATE SUPPLEMENTAL AND FEDERAL (CMS) PROGRAMS

| FEDERAL | 2005 | 2006 | 2007 | |
|-----------------------------------------|----------------|--------------|--------------|--|
| Approximate # of Manufacturers | 400 | 400 | 400 | |
| CMS REBATE INVOICED | \$164, 348,217 | \$69,695,236 | \$72,315,685 | |
| CMS REBATES DISPUTED @ End of FY | \$51,456 | \$168,692 | \$241,675 | |
| Average Disputed Amount Per Quarter | < \$213,652 | < \$90,603 | < \$100,000 | |
| Disputed Amount Collected Per Quarter | 100% | 100% | 100% | |
| Average Time To Collect Disputed Amount | 90 days | 90 days | 90 days | |
| STATE SUPPLEMENTAL | | | | |
| Approximate # of Manufacturers | 50 | 60 | 75 | |
| REBATE INVOICED | \$29,610,810 | \$9,773,295 | \$4,375,919 | |
| REBATES DISPUTED@ End of FY | \$545 | \$8,103 | \$1,076 | |
| Average Disputed Amount Per Quarter | < \$168,781 | < \$55,000 | < \$25,000 | |
| Disputed Amount Collected Per Quarter | 100% | 100% | 100% | |
| Average Time To Collect Disputed Amount | 90 days | 90 days | 90 days | |

DOCUMENT STORAGE AS OF 5-6-08 228 Boxes

Drug Rebate Services Contract

between

The Department of Medical Assistance Services

and

Contractor

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DRUG REBATE SERVICES CONTRACT

| This DRU | G REBATE | SERVICES | CONTRA | CT ("Co | ontract") | is | entered | into | by | and | between | the |
|--------------|--------------|------------|-------------|-----------|-------------------------|-------------------|-----------|-------|-------|---------|------------|------|
| Departmen | t of Medical | Assistance | Services | (DMAS) | (Agency | _′), a | n agend | y of | the | Comi | monwealt | h of |
| Virginia, ar | ıd | | ("C | ontractor | ·"), a cor _l | oora | ition hea | dquar | tered | d at [a | address] t | o be |
| effective as | of | , 20 | ("Effective | Date"). | | | | | | | | |

1. PURPOSE AND SCOPE

The purpose of this Contract is to require support services to be performed by the Contractor known as:

DRUG REBATE SERVICES (DRS)

This Contract sets forth the terms and conditions under which a Contractor shall provide these services to DMAS.

2. **DEFINITIONS**

A. Agent

Includes any third party independent agent representing an entity, either the Contractor or the Agency.

B. Contract

The term Contract refers to the Entire Contract as stated in section 20.T Entire Contract clause.

C. Contractor

Includes the Contractor and any of its Affiliates (i.e. an entity that controls, is controlled by, or is under common control with Contractor).

D. Centers for Medicare and Medicaid Services

CMS is the federal agency responsible for administering the Medicare, Medicaid, SCHIP (State Children's Health Insurance), HIPAA (Health Insurance Portability and Accountability Act), CLIA (Clinical Laboratory Improvement Amendments), and several other health-related programs. Additional information regarding CMS and its programs is available at http://www.cms.hhs.gov/.

E. Computer Virus

Any malicious code, program, or other internal component (e.g., computer virus, computer worm, computer time bomb, or similar component), which could damage, destroy, alter or disrupt any computer program, firmware, or hardware or which could, in any manner, reveal, damage, destroy, alter or disrupt any data or other information accessed through or processed by such software in any manner.

F. Agency's Confidential Information

Any confidential or proprietary information of the Agency that is disclosed in any manner, including oral or written, graphic, machine readable or other tangible form, to Supplier in connection with or as a result of discussions related to this Contract, and which at the time of disclosure either (i) is marked as being "Confidential" or "Proprietary", (ii) is otherwise reasonably identifiable as the confidential or proprietary information, or (iii) under the circumstances of disclosure should reasonably be considered as confidential or proprietary information.

G. Deliverable

The tangible embodiment of products, services, processes, procedures, or plans that are created during the Takeover and Operations Phases of the Contract as defined in the DMAS Request for Proposal (2008-02).

H. Department of Medical Assistance Services

The Department of Medical Assistance Services (DMAS) is the Medicaid "single state agency" in Virginia tasked with the administration of the Title XIX Program and other state and locally funded health financing programs.

I. Partv

Contractor or Agency.

J. Requirements

The functional, performance, operational, compatibility, acceptance testing criteria and other parameters and characteristics of the Service(s) and Deliverables as set forth in the Entire Contract and such other parameters, characteristics, or performance standards that may be agreed upon in writing by the Parties. [In case of conflict, see the Entire Contract clause for order of precedence.]

K. Services

Any work performed or Services provided including provision to Agency of any Deliverable, by Contractor under this Contract. Services include the discovery, creation, or development of Work Product, if any.

L. Software

The programs and code provided by Contractor under this Contract as a component(s) of the Solution, and any subsequent modification of such programs and code, excluding Work Product.

M. Software Publisher

The licensor of the Software provided by Contractor under this Contract.

N. Solution

Any work performed or Services provided including any procedures, processes, Software, hardware and the configuration thereof that satisfies the requirements of this Contract.

O. Virginia Information Technologies Agency

Virginia Information Technologies Agency (VITA) is an agency of the Commonwealth of Virginia pursuant to Chapter 20.1 of Title 2.2 (§§2.2-2005 et seq.) of the Code of Virginia.

P. Work Product

Inventions, combinations, machines, methods, formulae, techniques, processes, improvements, software designs, computer programs, strategies, specific computer-related know-how, data and original works of authorship (collectively, the "Work Product") discovered, created, or developed by Contractor, or jointly by Contractor and Agency in the performance of this Contract. Work Product shall not include configuration of software.

3. TERM AND TERMINATION

A. Contract Term

This Contract is effective and legally binding as of the Effective Date and, unless terminated as provided for in this section, shall continue to be effective and legally binding with the Contract Term defined by a Takeover Phase from Effective Date through June 30, 2010 and an Operations Phase that begins on July 1, 2010 and ends June 30, 2013. DMAS, in its sole discretion, may extend this Contract with up to five (5) one-year option periods that would run from July 1 through June 30 for each period. DMAS will issue a modification to this Contract stating the extension period, not less than thirty (30) days prior to the expiration of any current term.

B. Termination for Convenience

DMAS may terminate this Contract, in whole or in part, upon not less than thirty (30) days prior written notice at any time for any reason.

C. Termination for Breach

DMAS shall have the right to terminate this Contract, in whole or in part, for breach of Contractor. Contractor shall be deemed in breach in the event that Contractor fails to meet any material obligation set forth in this Contract.

If DMAS deems the Contractor to be in breach, ,Agency shall provide Contractor with notice of breach and allow Contractor to cure the breach in a time period determined by DMAS. If Contractor fails to cure the breach as noted, Agency may immediately terminate this Contract, in whole or in part. Any such termination shall be deemed a Termination for Breach.

In addition, if Contractor is found by a court of competent jurisdiction to be in violation of or to have violated 31 USC 1352 or if Contractor becomes a party excluded from Federal Procurement and Non-procurement Programs, DMAS may immediately terminate this Contract, in whole or in part, for breach. DMAS shall provide written notice to Contractor of such termination and Contractor shall provide written notice to DMAS if Contractor is charged with violation of 31 USC 1352 or if federal debarment proceedings are instituted against Contractor.

D. Termination for Non-Appropriation of Funds

All payment obligations under this Contract are subject to the availability of legislative appropriations at the federal, state, or local level, for this purpose. In the event of non-appropriation of funds, irrespective of the source of funds, for the items under this Contract, DMAS may terminate this Contract, in whole or in part, for those goods or services for which funds have not been appropriated or for which funds are not available. Termination by Contractor will not be considered.

E. Transition of Services

In accordance with the RFP2008-02 and the Contract, prior to or upon expiration or termination of this Contract and at the request of DMAS, Contractor shall provide all assistance as DMAS may reasonably require to transition Services to any other Contractor with whom DMAS contracts for provision of services identical or similar to the Services provided by Contractor pursuant to this Contract. This obligation may extend beyond expiration or termination of the Contract for a period not to exceed sixty (60) days. Contractor shall provide such assistance at no charge or fee to DMAS.

F. Termination Because of Financial Instability

If DMAS determines that there are verifiable indicators that the Contractor will become financially unstable to the point of threatening the ability of DMAS to obtain the Services provided for under the Contract, DMAS will require verification of the Contractor's financial situation. If from the information DMAS determines the Contractor will inevitably become financially unstable, DMAS may terminate the Contract before this occurs. If the Contractor ceases to conduct business in the normal course, makes a general assignment for the benefit of creditors, or suffers or permits the appointment of a receiver for its business or assets, DMAS may, at its option, immediately terminate this Contract effective at the close of business on a date specified by DMAS. In the event that DMAS elects to terminate the Contract under this provision, the Contractor shall be notified in writing, by either certified or registered mail, specifying the date of termination. The Contractor shall submit a written waiver of the licensee's rights under the federal bankruptcy laws.

In the event of the filing of a petition in bankruptcy by a subcontractor, the Contractor shall immediately so advise DMAS. The Contractor shall ensure that all tasks that have been delegated to its subcontractor(s) are performed in accordance with the terms of this Contract.

4. DELIVERY AND INSTALLATION (TAKEOVER PHASE)

A. Scheduling

Contractor shall deliver the Solution, including any component parts, and complete performance of Services according to the Contract.

Contractor shall make available all appropriate and/or related Documentation at the time of delivery of the relevant component of the Solution. Any Solution component delivered without the appropriate and required Documentation shall be considered "shipped short" until the applicable Documentation has been received or it will be considered unacceptable by DMAS.

B. Deployment of Solution

1. Contractor Deployment of Solution

Contractor is required to deploy the Solution in accordance with the work plan and Test Plan. Deployment shall include the installation of any Software component and, if agreed, any hardware component, of the Solution. Contractor shall conduct all testing in accordance with the Test Plan to determine that the Solution is properly deployed and fully ready for productive use, and shall supply Agency with a copy of the results of the diagnostic evaluation promptly after completion of deployment.

Contractor agrees that failure to deploy the Solution in accordance with the work plan shall constitute a material breach of this Contract resulting in damages to Agency.

2. Documentation of Software Configuration

If the Solution includes configuration of Software by Contractor, Contractor shall provide to Agency documentation containing a description of the configuration. Such documentation shall be sufficiently detailed such that any appropriately trained employee or Agent of Agency may reconstruct the configuration of the Software.

5. ACCEPTANCE (TAKEOVER PHASE)

A. Software and Deliverable Acceptance Criteria

Software and Deliverables shall be deemed accepted when Agency determines that such Software and Deliverables successfully operate in accordance with the Entire Contract and Agency notifies Offeror in writing of its acceptance. At a minimum, acceptance criteria for Software and Deliverables, and for the Solution as a whole, shall ensure that all of the functionality described in the Requirements set forth in the RFP and required by Agency has been delivered to Agency. Acceptance of any one Deliverable shall not imply Agency's concurrence that the Deliverable will function properly with or within the Solution. Contractor shall be responsible for ensuring that all Deliverables function properly within the Solution. Should a previously Accepted Deliverable require further modification in order to work properly with or within the Solution, Contractor shall be responsible for all costs associated with such modification.

Agency agrees to commence acceptance testing in accordance with the work plan and the DMAS approved Test Plan. Contractor agrees to provide to Agency such assistance and advice as Agency may reasonably require, at no additional cost. Agency shall provide to Contractor written notice of acceptance upon completion of successful acceptance testing.

B. Software and Deliverable Cure Period

Contractor shall correct any non-conformities identified hereunder and shall thereafter re-submit such previously non-conforming Software or Deliverable for re-testing within fifteen (15) days of written notice of non-conformance, or as otherwise agreed between Agency and Contractor. In the event that Contractor fails to deliver Software or a Deliverable which meets the Requirements, Agency may, in its sole discretion: (i) reject the Software or Deliverable in its entirety and recover amounts previously paid hereunder; (ii) issue a "partial acceptance" of the Software or Deliverable with an equitable adjustment in the price to account for such deficiency; or (iii) conditionally accept the applicable Software or Deliverable while reserving its right to revoke acceptance if timely correction is not forthcoming. Failure of the Software or a Deliverable to meet, in all material respects, the specifications and performance standards after the second set of acceptance tests shall constitute a breach by Contractor. In the event of such breach, Agency may, at its sole discretion, terminate its order, in whole or in part, for the Solution to be provided thereunder by Contractor. Contractor shall accept return of any products or Software provided to Agency, and Contractor shall refund any monies paid by Agency pursuant to the order, or portion thereof terminated, the Solution contemplated under the order being considered as a whole not as a sum of its parts. All costs of de-installation and return of product or Software shall be borne by Contractor. This remedy is in addition to and not in lieu of any other remedies of Agency set forth herein or available at law or in equity.

6. SERVICES

A. Services

All Services shall be performed at the times and location set forth in the Contract.

B. Acceptance

Services shall be deemed accepted when DMAS determines that such Services meet the Requirements set forth in the Contract. If applicable, Contractor shall be responsible for ensuring that any individual Deliverable functions properly with any other Deliverable provided pursuant to the Contract. Should a previously Accepted Deliverable require further modification in order to work properly with any other Deliverable, Contractor shall be responsible for all costs associated with such modification.

C. Service Level Methodology

The Service Level Methodology that applies to the Service Level Agreements (SLAs) against which Contractor's performance is measured, is defined in Appendix A.II: Service Level Methodology. In RFP 2008-02 Section 7 Appendix G.II Drug Rebate Services Service Level Agreements are required by the Drug Rebate Services Contract.

7. RIGHTS TO WORK PRODUCT

DMAS is a state agency of the Commonwealth of Virginia, and, therefore, any license to preexisting work shall be held by, and all rights in, title to, and ownership of Work Product shall vest with the Commonwealth.

A. Work Product

DMAS and Contractor each acknowledge that performance of this Contract will result in a Work Product (s). The Parties shall document all Work Product specifications and such specifications shall become part of this Contract. Contractor agrees that it shall promptly and fully disclose to the Commonwealth any and all Work Product generated, conceived, reduced to practice or learned by Contractor or any of its employees, either solely or jointly with others, during the term or performance of this Contract, which in any way relates to the business of the Commonwealth or DMAS. Contractor further agrees that neither Contractor nor any of Contractor's employees, nor any party claiming through Contractor or Contractor's employees, shall, other than in the performance of this Contract, make use of or disclose to others any proprietary information relating to the Work Product. All Services performed hereunder shall include delivery of all Work Product source code, object code, executables, and documentation. Contractor shall at no time deny access to the Work Product, regardless of form, by the Commonwealth.

B. Ownership

Contractor agrees that, whether or not the Services are considered "works made for hire" or an employment to invent, all Work Product discovered, created or developed under this Contract shall be and shall remain the sole and exclusive property of the Commonwealth of Virginia and its assignees. Except as specifically set forth in writing and signed by both DMAS and Contractor, Contractor agrees that the Commonwealth shall have all rights with respect to any Work Product discovered, created or developed under this Contract without regard to the origin of the Work Product. In all instances, the Commonwealth of Virginia owns any software designed, developed, installed, or enhanced with 90 % Federal Financial Participation (FFP). CMS has a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use and authorize others to use for federal government purposes, software, modifications to software, and documentation that is designed developed, installed or enhanced with 90 % FFP.

If and to the extent that Contractor may, under applicable law, be entitled to claim any ownership interest in the Work Product, Contractor hereby irrevocably transfers, grants, conveys, assigns and relinquishes exclusively to the Commonwealth any and all right, title and interest it now has or may hereafter acquire in and to the Work Product under patent, copyright, trade secret and trademark law in perpetuity or for the longest period otherwise permitted by law. If any moral rights are created, Contractor waives such rights in the Work Product. Contractor further agrees as to the Work Product to assist the Commonwealth in every reasonable way to obtain and, from

time to time, enforce patents, copyrights, and other rights and protection, and in protecting trade secrets, with respect to such Work Product, and to that end, Contractor and its employees shall execute all documents for use in applying for and obtaining such patents, copyrights, and other rights and protection with respect to such Work Product, as the Commonwealth may reasonably request, together with any assignments thereof to the Commonwealth or entities designated by the Commonwealth.

C. Pre-existing Work

If and to the extent that any pre-existing rights are embodied or reflected in the Solution Deliverables, Contractor hereby grants to the Commonwealth an irrevocable, perpetual, non-exclusive, worldwide, royalty-free right and license to (i) use, modify, transmit, execute, reproduce, display, perform, distribute copies of and prepare derivative works based upon such pre-existing rights and any derivative works thereof, and (ii) authorize others to do any or all of the foregoing. It is expressly understood that "perpetual" license rights shall commence upon delivery of the Solution Deliverables and shall exist in perpetuity unless otherwise terminated in accordance with the applicable provisions of the Contract.

D. Return of Materials

Upon termination of this Contract, Contractor shall immediately return to DMAS all copies, in whatever form, of any and all Confidential Information, Work Product and other properties provided by DMAS, which are in Contractor's possession, custody or control.

8. CONTRACTOR PERSONNEL

A. Selection and Management of Contractor Personnel

Contractor shall take such steps as may be necessary to ensure that all Contractor personnel performing Services under this Contract are competent and knowledgeable of the contractual arrangements. Contractor shall be solely responsible for the conduct of its employees, agents, and subcontractors, including all acts and omissions of such employees, agents, and subcontractors, and shall ensure that such employees and subcontractors comply with Agency's site security, information security and personnel conduct rules, as well as applicable federal, state and local laws, including export regulations. DMAS reserves the right to require the immediate removal from its premises of any employee, subcontractor or agent of Contractor whom DMAS believes has failed to comply or whose conduct or behavior is unacceptable or unprofessional or results in a security or safety breach. Where it is possible and legal, DMAS encourages the Contractor to give consideration to hire any resources that have experience supporting DMAS services in the past.

B. Contractor Personnel Supervision

Contractor acknowledges that the Contractor, or any of its agents, contractors, or subcontractors, is and shall be the employer of Contractor personnel, and shall have sole responsibility to supervise, counsel, discipline, review, evaluate, set the pay rates of and terminate the employment of Contractor personnel.

C. Key Staff

The Contract designates certain of Contractor's personnel as Key Staff. Contractor's obligations with respect to Key Staff shall be as described in section 4.2.3 Key Staff Requirements of the RFP. Failure of Contractor to perform in accordance with such obligations may be deemed a breach of this Contract.

Subcontractors

Contractor shall not use subcontractors to perform the Services unless specifically authorized in writing to do so by DMAS. If a part of this Contract is supported in whole or in part with federal funds, Contractor shall not subcontract any Services to any subcontractor that is a party excluded from Federal Procurement and Non-procurement Programs. In no event shall Contractor subcontract any Services to any subcontractor which is debarred by the Commonwealth of Virginia or which owes back taxes to the Commonwealth and has not made arrangements with the Commonwealth for payment of such back taxes.

9. GENERAL WARRANTY AND REPRESENTATIONS

With respect to the Services provided by Contractor, Contractor represents and warrants the following:

A. Ownership

Contractor has the right to provide the Services or Solutions, including Deliverables, without violating or infringing any law, rule, regulation, copyright, patent, trade secret or other proprietary right of any third party.

B. Services, Solutions, Deliverables and Documentation

Contractor warrants the following with respect to the Services, Solutions, Deliverables and Documentation known throughout this section as Solution:

- i). The Solution is pursuant to the Request for Proposal ("RFP"), and therefore such Solution shall be fit for the particular purposes specified by Agency in the RFP and in this Contract, and Contractor is possessed of superior knowledge with respect to the Solution and is aware that Agency is relying on Contractor's skill and judgment in providing the Solution;
- ii). If the RFP specified the hardware equipment Agency shall use to run the Solution, then Contractor warrants the Solution, and any subsequent Solution component Software release, is compatible with and shall perform well with such hardware equipment;
- iii). No corrections, workarounds or future Software or Solution component Software releases provided by Contractor under the warranty provisions or under maintenance shall degrade the Solution, cause any other warranty to be breached, or require Agency to acquire additional hardware equipment or software.

C. Contractor's Viability

Contractor warrants that it has the financial capacity to perform and continue to perform its obligations under this Contract; that Contractor has no constructive or actual knowledge of an actual or potential legal proceeding being brought against Contractor that could materially adversely affect performance of this Contract; and that entering into this Contract is not prohibited by any contract, or order by any court of competent jurisdiction.

D. Contractor's Past Experience

Contractor warrants that the Solutions have been successfully performed for a non-related third-party without significant problems due to the Solution or Contractor.

E. Performance

- The Solution shall be implemented and all Services shall be performed with care, skill and diligence, consistent with or above applicable professional standards currently recognized in its profession, and Contractor shall be responsible for the professional quality, technical accuracy, completeness and coordination of all plans, information, specifications, Deliverables and Services furnished under this Contract;
- ii). The Solution pursuant to the Request for Proposal ("RFP") and any associated Deliverables shall be fit for the particular purposes specified by DMAS in the RFP and in this Contract, and Contractor is possessed of superior knowledge with respect to the Solution and Deliverables and is aware that DMAS is relying on Contractor's skill and judgment in providing the Solution and Deliverables;
- iii). The documentation which Contractor is required to provide under this Contract shall be sufficient in detail and content to allow a user/programmer to understand and fully utilize the Deliverables without reference to any other materials or information.

F. Malicious Code

Contractor has used its best efforts through quality assurance procedures to ensure that there are no Computer Viruses or undocumented features in the Solution at the time of delivery to Agency. Contractor warrants that the Solution does not contain any embedded device or code (e.g., time bomb) that is intended to obstruct or prevent Agency's use of the Solution. Notwithstanding any rights granted under this Contract or at law, Contractor hereby waives under any and all circumstances any right it may have or may hereafter have to exercise Electronic Self-Help.

Contractor agrees that Agency may pursue all remedies provided under law in the event of a breach or threatened breach of this Section, including injunctive or other equitable relief.

G. Limited Warranty Period and Remedy

During the warranty period which is the contractual period, Contractor warrants that the Solution shall meet or exceed the Requirements. Contractor shall correct, at no additional cost to DMAS, all defects identified during the warranty period that result in a failure of the Solution to meet the Requirements. All Requirements are included in the Contract and SLAs, and will be monitored according to the Contract and SLAs. The SLAs do not include defects attributed to the prior contractor.

H. Open Source

Contractor will notify Agency if the Solution contains any Open Source code and identify the specific Open Source License that applies to any embedded code dependent on Open Source code, provided by Contractor under this Contract.

10. TRAINING AND DOCUMENTATION

Any training or documentation necessary for DMAS to have full benefit of the Services shall be deemed included in the scope of the Contract unless expressly excluded.

11. ORDERS AND COMPENSATION

A. Order

Contractor shall not accept any order from DMAS if such order is to be funded, in whole or in part, by federal funds and if, at the time the order is placed, Contractor is not eligible to be the recipient of federal funds as may be noted on any of the Lists of Parties Excluded from Federal Procurement and Non-procurement Programs.

B. Purchase Price and Price Protection

Exhibit A Final Cost Schedules sets forth the fees and the appropriate Commonwealth discounts. The fees established for the period July 1, 2010 through June 30, 2011 will be increased or decreased effective July 1, 2011 and each year of operations thereafter by the increase or decrease of the All Urban Consumers category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available. Any such change in price shall be submitted to DMAS in writing in accordance with the above sixty (60) days prior to July 1 of each year and shall become effective on that date.

Invoice Procedures

For an order with a period of performance not expected to exceed one (1) month, Contractor shall remit each invoice to the "bill-to" address provided with the order promptly after all Deliverables or Services have been accepted and in accordance with the milestone payment schedule, if any, in the order. For a time and materials type change order with a period of performance expected to exceed one (1) month, Contractor shall submit invoices to Agency monthly in arrears, unless otherwise specified in such change order. For other payments Contractor shall invoice in accordance with the milestone payment schedule, if any, in the Contract; if such Contract does not include a milestone payment schedule, Contractor shall invoice after all Deliverables or Services have been accepted by Agency. No invoice shall include any costs other than those identified in the executed Contract, which costs shall be in accordance with Exhibit A. Without limiting the foregoing, all shipping costs are the Contractor's responsibility except to the extent such charges are identified in Exhibit A, or as noted in the Contract. Any cost reimbursable work performed or expenses incurred by Contractor prior to the effective date of the order shall not be billed to or reimbursed by Agency. Invoices issued by the Contractor shall identify at a minimum:

- Contract Date, Contract Number, Order Number, and Federal Employer Identification Number (FEIN):
- ii). Deliverable or Service Type, or Project Milestone, and Description;

iii). Quantity, charge and extended pricing for each Deliverable and/or Service item or milestone; or for a time and materials Services, the name(s) of the assigned employee(s), the hourly rate(s), and the number of hours worked.

Any terms included on Contractor's invoice shall have no force or effect and will in no way bind Agency.

C. Purchase Payment Terms

Contractor is responsible for the accuracy of its billing information. Contractor agrees not to issue invoices hereunder until Services have been performed or milestones have met acceptance criteria. Charges for Services accepted more than ninety (90) days prior to receipt of a valid invoice may not be paid, except in accordance with a milestone payment schedule. Should Contractor repeatedly over bill DMAS, DMAS may assess a one percent (1%) charge for the amount over billed for each month that such over billing continues.

If there are any disputed items, DMAS shall pay all undisputed charges and promptly notify Contractor in writing of any disputed amount. Contractor shall thereupon review its records, and, if it does not concur with DMAS, provide DMAS with documentation to support the charge. If such charges remain in dispute, such dispute shall be resolved in accordance with the Dispute Resolution section of this Contract. In the absence of the Contractor's written evidence identifying the merit of the disputed amounts, DMAS may not pay the disputed amounts and may consider the matter concerning the specific identified amounts closed. All payment terms are net 30 days after acceptance.

12. REPORTING

Small Business Subcontracting and Evidence of Compliance - Each prime Contractor who wins an award in which provision of a small business subcontracting plan is a condition of the award, shall deliver to DMAS on a quarterly basis, evidence of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor breach) with the small business subcontracting plan. When such business has been subcontracted to these firms and upon completion of the Contract, the Contractor agrees to furnish the DMAS SBE Champion at a minimum the following information: name of firm, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product or service provided. Payment(s) may be withheld until compliance with the plan is received and confirmed by the agency or institution. DMAS reserves the right to pursue other appropriate remedies to include, but not be limited to, termination for breach.

13. COMPETITIVE PRICING

Contractor warrants and agrees that each of the charges, economic or product terms or warranties granted pursuant to this Contract are comparable to or better than the equivalent charge, economic or product term or warranty being offered to any commercial or government customer of Contractor. If Contractor enters into any arrangements with another customer of Contractor to provide Services under more favorable prices, as the prices may be indicated on Contractor's current U.S. and International price list or comparable document, then this Contract shall be deemed amended as of the date of such other arrangements to incorporate those more favorable prices, and Contractor shall immediately notify DMAS of such change.

14. CONFIDENTIALITY

A. Treatment and Protection of Agency Confidential Information

Supplier shall (i) hold in strict confidence all Agency Confidential Information, (ii) use the Agency Confidential Information solely to perform or to exercise its rights under this Contract, and (iii) not transfer, display, convey or otherwise disclose or make available all or any part of such Agency Confidential Information to any third-party. Supplier shall take the same measures to protect against the disclosure or use of the Agency Confidential Information as it takes to protect its own

proprietary or confidential information (but in no event shall such measures be less than reasonable care).

B. Exclusions from Agency Confidential Information

The term "Agency Confidential Information" shall not include information that is:

- i). in the public domain through no fault of Supplier or of any other person or entity that is similarly contractually or otherwise obligated;
- ii). obtained independently from a third-party without an obligation of confidentiality to the Agency and without breach of this Contract;
- iii). developed independently by Supplier without reference to the Agency Confidential Information; or
- iv). required to be disclosed pursuant to a court order.

C. Return or Destruction of Agency Confidential Information

Upon the termination or expiration of this Contract or upon the earlier request of the disclosing Agency, Supplier shall (i) at its own expense, (a) promptly return to the disclosing Agency all tangible Confidential Information (and all copies thereof except the record required by law) of the disclosing Agency, or (b) upon written request from the disclosing Agency, destroy Confidential Information (whether tangible or intangible) and provide the disclosing Agency with written certification of such destruction, and (ii) cease all further use of the Agency's Confidential Information, whether in tangible or intangible form.

D. Supplier Confidential Information

Supplier acknowledges that the Commonwealth is subject to the Virginia Freedom of Information Act, § 2.2-3700 et seq.

The Commonwealth agrees that it shall not, and shall require its employees not to, knowingly divulge any data, material or information provided by or on behalf of Supplier under this Contract where the data, material or information is exempted from disclosure by the Virginia Freedom of Information Act, provided that Supplier invokes protection pursuant to the provisions of Virginia Code § 2.2-4342(F). If Supplier believes that information submitted to the Commonwealth pursuant to this Contract is excluded from the provisions of the Virginia Freedom of Information Act, Supplier shall submit a writing **prior to or at the time of submission** of such information which (i) invokes the protection of the applicable exemption set forth in the Code of Virginia; (ii) identifies the specific data or other materials to be protected, and (iii) states the reasons why protection is necessary. Any proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information.

15. INDEMNIFICATION AND LIABILITY

A. Indemnification

Contractor agrees to indemnify, defend and hold harmless the Commonwealth, DMAS, their officers, directors, agents and employees (collectively, "Commonwealth's Indemnified Parties") from and against any and all third party claims, demands, proceedings, suits and actions, including any related liabilities, obligations, losses, damages, assessments, fines, penalties (whether criminal or civil), judgments, settlements, expenses (including attorneys' and accountants' fees and disbursements) and costs (each, a "Claim" and collectively, "Claims"), incurred by, borne by or asserted against any of Commonwealth's Indemnified Parties to the extent such Claims in any way relate to, arise out of or result from: (i) any intentional or willful misconduct or negligence of any employee, agent, or subcontractor of Contractor, (ii) any act or omission of any employee, agent, or subcontractor of Contractor, (iii) breach of any representation, warranty or covenant of Contractor contained herein, (iv) any defect in the Services or Deliverables provided by Contractor, or (v) any actual or alleged infringement or misappropriation of any third party's intellectual property rights by any of the Services or

Deliverables. Selection and approval of counsel and approval of any settlement shall be accomplished in accordance with all applicable laws, rules and regulations. For state agencies the applicable laws include §§ 2.2-510 and 2.2-514 of the Code of Virginia. In all cases the selection and approval of counsel and approval of any settlement shall be satisfactory to DMAS.

In the event that a Claim is commenced against any of Commonwealth's Indemnified Parties alleging that use of any Deliverable or that the provision of Services under this Contract infringes any third party's intellectual property rights and Contractor is of the opinion that the allegations in such Claim in whole or in part are not covered by this indemnification provision, Contractor shall immediately notify DMAS in writing, via certified mail, specifying to what extent Contractor believes it is obligated to defend and indemnify under the terms and conditions of this Contract. Contractor shall in such event protect the interests of the Commonwealth's Indemnified Parties and secure a continuance to permit DMAS to appear and defend its interests in cooperation with Contractor as is appropriate, including any jurisdictional defenses DMAS may have.

In the event of a Claim pursuant to any actual or alleged infringement or misappropriation of any third party's intellectual property rights by any of the Services or Deliverables, and in addition to all other obligations of Contractor in this Section, Contractor shall at its expense, either (a) procure for DMAS the right to continue use of such infringing Services or Deliverables, or any component thereof; or (b) replace or modify such infringing Services or Deliverables, or any component thereof, with non-infringing products or services satisfactory to DMAS. And in addition, Contractor shall provide DMAS with comparable temporary replacement deliverables and services, or reimburse DMAS for the reasonable costs incurred by DMAS in obtaining alternative products and services in the event DMAS cannot use the affected Deliverable or benefit from the affected Services. If Contractor cannot accomplish any of the foregoing within a reasonable time and at commercially reasonable rates, then Contractor shall accept the return of the infringing component of the Services or Deliverable, along with any other components of any products rendered unusable by DMAS as a result of the infringing component, and refund the price paid to Contractor for such components.

16. SECURITY COMPLIANCE

Contractor agrees to comply with all provisions of the then-current Commonwealth of Virginia security procedures, published by the Virginia Information Technologies Agency (VITA) and which may be found at (http://www.vita.virginia.gov/library/ See Governance Publications) or a successor URL(s), as are pertinent to Contractor's operation. Contractor further agrees to comply with all provisions of DMAS' then-current security procedures as are pertinent to Contractor's operation and which have been supplied to Contractor by DMAS. Contractor shall also comply with all applicable federal, state and local laws and regulations. For all Contractor locations, security procedures may include but not be limited to: records verification, photographing, and fingerprinting of Contractor's employees or agents. Contractor may, at any time, be required to execute and complete, for each individual Contractor employee or agent, additional forms which may include non-disclosure agreements to be signed by Contractor's employees or agents acknowledging that all DMAS information with which such employees and agents come into contact while at DMAS site is confidential and proprietary. Any unauthorized release of proprietary information by the Contractor or an employee or agent of Contractor shall constitute a breach of this Contract. Contractor must perform background checks on all Contractor employees or agents at the Contractor's expense.

Contractor shall indemnify, defend, and hold the Commonwealth, Agency, their officers, directors, employees and agents harmless from and against any and all fines, penalties (whether criminal or civil), judgments, damages and assessments, including reasonable expenses suffered by, accrued against, or charged to or recoverable from the Commonwealth, Agency, their officers, directors, agents or employees, on account of the failure of Contractor to perform its obligations pursuant this Section.

17. IMPORT/EXPORT

Any product generated from any data collected, developed, analyzed, or otherwise used or obtained by Contractor pursuant to Contractor's performance of this Contract shall be considered Data Product.

Contractor shall not export or re-export any data collected, developed, analyzed, or otherwise used or obtained by Contractor pursuant to Contractor's performance of this Contract, or any Data Product, to any country, person, entity or end user subject to U.S. export restrictions. Contractor specifically agrees not to export, re-export, or download such data or Data Product: (a) to any country to which the U.S. has embargoed or restricted the export of goods or services, which currently include, but are not necessarily limited to Cuba, Iran, Iraq, Libya, North Korea, Sudan, Syria, Federal Republic of Yugoslavia, or to any national of any such country; (b) to any end-user who Contractor knows or has reason to know will utilize the data or Data Product or portion thereof in the design, development or production of nuclear, chemical, or biological weapons, or for any purpose which may, directly or indirectly, pose a security threat to the United States or its territories; or (c) to any end-user who has been prohibited from participating in U.S. export transactions by any federal agency of the U.S. government. Contractor is responsible for complying with local laws in Contractor's jurisdiction, as well as all federal and state laws and regulations regarding import and export, which might impact its right to import, export, or use the data or Data Product.

In addition, Contractor agrees that any data deemed "restricted" or "sensitive" by either federal or state authorities, must only be collected, developed, analyzed, or otherwise used or obtained by persons or entities working within the boundaries of the United States.

18. GENERAL PROVISIONS

A. Relationship between DMAS and Contractor

Contractor has no authority to contract for DMAS or in any way to bind or to commit DMAS to any agreement of any kind, or to assume any liabilities of any nature in the name of or on behalf of DMAS. Under no circumstances shall Contractor, or any of its employees, hold itself out as or be considered an agent or an employee of DMAS, and DMAS shall have no duty to provide or maintain any insurance or other employee benefits on behalf of Contractor or its employees. Contractor represents and warrants that it is an independent contractor for purposes of federal, state and local employment taxes and agrees that DMAS is not responsible to collect or withhold any federal, state or local employment taxes, including, but not limited to, income tax withholding and social security contributions, for Contractor. Any and all taxes, interest or penalties, including, but not limited to, any federal, state or local withholding or employment taxes, imposed, assessed or levied as a result of this Contract shall be paid or withheld by Contractor or, if assessed against and paid by DMAS, shall be reimbursed by Contractor upon demand by DMAS.

B. Incorporated Contractual Provisions

The then-current contractual provisions at the following URL are mandatory contractual provisions, required by law or by DMAS, and that are hereby incorporated by reference: http://www.vita.virginia.gov/uploadedFiles/SCM/StatutorilyMandatedTsandCs.pdf

The contractual claims provision §2.2-4363 of the Code of Virginia and the required eVA provisions at http://www.vita.virginia.gov/uploadedFiles/SCM/eVATsandCs.pdf are also incorporated by reference.

The then-current (at time of contract ratification) terms and conditions in documents posted to the aforereferenced URLs are subject to change pursuant to action by the legislature of the Commonwealth of Virginia, change in DMAS policy, or the adoption of revised eVA business requirements. If a change is made to the terms and conditions, a new effective date will be noted in the document title.

C. Compliance with the Federal Lobbying Act

Contractor's signed certification of compliance with 31 USC 1352 (entitled "Limitation on use of appropriated funds to influence certain federal contracting and financial transactions") or by the regulations issued from time to time thereunder (together, the "Lobbying Act") is incorporated as Exhibit B hereto.

D. Governing Law

This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to that body of law controlling choice of law. Any and all litigation shall be brought in the circuit courts of the Commonwealth of Virginia. The English language version of this Contract prevails when interpreting this Contract. The United Nations Convention on Contracts for the International Sale of Goods and all other laws and international treaties or conventions relating to the sale of goods are expressly disclaimed. UCITA shall apply to this Contract only to the extent required by §59.1-501.15 of the Code of Virginia.

E. Dispute Resolution

In accordance with §2.2-4363 of the Code of Virginia, Contractual claims, whether for money or other relief, shall be submitted in writing to the public body from whom the relief is sought no later than sixty (60) days after final payment; however, written notice of the Contractor's intention to file such claim must be given to such public body at the time of the occurrence or beginning of the work upon which the claim is based. Pendency of claims shall not delay payment of amounts agreed due in the final payment. The relevant public body shall render a final decision in writing within thirty (30) days after its receipt of the Contractor's written claim.

The Contractor may not invoke any available administrative procedure under §2.2-4365 of the Code of Virginia nor institute legal action prior to receipt of the decision of the relevant public body on the claim, unless that public body fails to render its decision within thirty (30) days. The decision of the relevant public body shall be final and conclusive unless the Contractor, within six (6) months of the date of the final decision on the claim, invokes appropriate action under §2.2-4364, Code of Virginia or the administrative procedure authorized by §2.2-4365, Code of Virginia.

Upon request from the public body from whom the relief is sought, Contractor agrees to submit any and all contractual disputes arising from this Contract to such public body's alternative dispute resolution (ADR) procedures, if any. Contractor may invoke such public body's ADR procedures at any time and concurrently with any other statutory remedies prescribed by the Code of Virginia.

In the event of any breach by a public body, Contractor's remedies shall be limited to claims for damages and Prompt Payment Act interest and, if available and warranted, equitable relief, all such claims to be processed pursuant to this Section. In no event shall Contractor's remedies include the right to terminate any license or support services hereunder.

F. Advertising and Use of Proprietary Marks

Contractor shall not use DMAS' name or refer to DMAS, directly or indirectly, in any press release or formal advertisement without receiving prior written consent of DMAS. In no event may Contractor use a proprietary mark of DMAS without receiving the prior written consent of DMAS.

G. Notices

Any notice required or permitted to be given under this Contract shall be in writing and shall be deemed to have been sufficiently given if delivered in person, or if deposited in the US mails, postage prepaid, for mailing by registered, certified mail, or overnight courier service addressed to the addresses shown on the signature page. DMAS or Contractor may change its address for notice purposes by giving the other Party notice of such change in accordance with this Section.

H. No Waiver

Any failure to enforce any terms of this Contract shall not constitute a waiver.

I. Assignment

This Contract shall be binding upon and shall inure to the benefit of the permitted successors and assigns of DMAS and Contractor. Contractor may not assign, subcontract, delegate or otherwise convey this Contract, or any of its rights and obligations hereunder, to any entity without the prior written consent of DMAS, and any such attempted assignment or subcontracting without consent shall be void. DMAS may assign this Contract to any entity, so long as the assignee agrees in writing to be bound by the all the terms and conditions of this Contract.

If any law limits the right of DMAS or Contractor to prohibit assignment or nonconsensual assignments, the effective date of the assignment shall be thirty (30) days after the Contractor gives DMAS prompt written notice of the assignment, signed by authorized representatives of both the Contractor and the assignee. Any payments made prior to receipt of such notification shall not be covered by this assignment.

J. Captions

The captions are for convenience and in no way define, limit or enlarge the scope of this Contract or any of its Sections.

K. Severability

Invalidity of any term of this Contract, in whole or in part, shall not affect the validity of any other term. DMAS and Contractor further agree that in the event such provision is an essential part of this Contract, they shall immediately begin negotiations for a suitable replacement provision.

L. Survival

The provisions of this Contract regarding License, Rights To Work Products, Warranty, Confidentiality, Liability and Indemnification, and the General Provisions shall survive the expiration or termination of this Contract.

M. Force Majeure

No Party shall be responsible for failure to meet its obligations under this Contract if the failure arises from causes beyond the control and without the fault or negligence of the non-performing Party. If any performance date under this Contract is postponed or extended pursuant to this section for longer than thirty (30) calendar days, DMAS, by written notice given during the postponement or extension, may terminate Contractor's right to render further performance after the effective date of termination without liability for that termination.

N. Remedies

The remedies set forth in this Contract are intended to be cumulative. In addition to any specific remedy, DMAS reserves any and all other remedies that may be available at law or in equity.

O. Access To and Retention of Records

In addition to the requirements outlined below, the Contractor must comply, and must require compliance by its subcontractors with the security and confidentiality of records standards.

1) Access to Records - DMAS, the Centers for Medicare and Medicaid Services, state and federal auditors, or any of their duly authorized representatives shall have access to any books, fee schedules, documents, papers, and records of the Contractor and any of its subcontractors. Access to records includes any records that are stored offsite.

DMAS, the Centers for Medicare and Medicaid Services, state and federal auditors, or any of their duly authorized representatives, shall be allowed to inspect, copy, and audit any of the above documents, including, medical and/or financial records of the Contractor and its subcontractors.

2) Retention of Records - The Contractor shall retain all records and reports relating to this Contract for a period of six (6) years after final payment is made under this Contract or in the event that this Contract is renewed six (6) years after the final payment. When an audit, litigation,

or other action involving or requiring access to records is initiated prior to the end of said period, however, records shall be maintained for a period of six (6) years following resolution of such action or longer if such action is still ongoing. Copies on microfilm or other appropriate media of the documents contemplated herein may be substituted for the originals provided that the microfilming or other duplicating procedures are reliable and are supported by an effective retrieval system which meets legal requirements to support litigation, and to be admissible into evidence in any court of law.

The Contractor shall not have the right to audit, or require to have audited, DMAS.

P. Offers of Employment

During the first twelve (12) months of the Contract, should Contractor hire an employee of Agency who has substantially worked on any project covered by this Contract without prior written consent, the Contractor shall be billed for fifty percent (50%) of the employee's annual salary in effect at the time of termination.

Q. HIPAA Compliance

The Contractor shall comply, and shall ensure that any and all subcontractors comply, with all state and federal laws and regulations with regards to handling, processing, or using Health Care Data. This includes but is not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) regulations as it pertains to this agreement, and the Contractor shall keep abreast of the regulations. Since this is a federal law and the regulations apply to all health care information, the Contractor shall comply with the HIPAA regulations at no additional cost to DMAS. The Contractor shall also be required to enter into a DMAS-supplied HIPAA Business Associate Agreement with DMAS to comply with the regulations protecting Health Care Data. A template this Agreement is available on the **DMAS** Internet Site. (http://www.dmas.virginia.gov/hpa-home.htm#Agreements).

R. Access to Premises

The Contractor shall allow duly authorized agents or representatives of the state or federal government, during normal business hours, access to Contractor's and subcontractors' premises, to inspect, audit, monitor or otherwise evaluate the performance of the Contractor's and subcontractor's contractual activities and shall forthwith produce all records requested as part of such review or audit. In the event right of access is requested under this section, the Contractor and subcontractor shall, upon request, provide and make available staff to assist in the audit or inspection effort, and provide adequate space on the premises to reasonably accommodate the state or federal personnel conducting the audit or inspection effort. All inspections or audits shall be conducted in a manner as will not unduly interfere with the performance of Contractor or subcontractor's activities. The Contractor shall be given thirty (30) calendar days to respond to any preliminary findings of an audit before the Department shall finalize its findings. All information so obtained will be accorded confidential treatment as provided under applicable law.

DMAS, the Office of the Attorney General of the Commonwealth of Virginia, the federal Department of Health and Human Services, and/or their duly authorized representatives shall be allowed access to evaluate through inspection or other means, the quality, appropriateness, and timeliness of Services performed under this Contract.

S. Performance Bond

The Contractor shall deliver to the DMAS Contracts Management office an executed performance bond, in a form acceptable to DMAS with DMAS as obligee. The surety shall be a surety company or companies approved by the State Corporation Commission to transact business in the Commonwealth of Virginia. The successful Contractor shall obtain the required performance bond in form and substance acceptable to the Commonwealth and provide it to the Commonwealth no later than the Contract Effective date detailed in the Contract. The successful Contractor must meet this performance bond requirement by providing the Commonwealth (as required) a performance bond covering the entire Contract period including all options to extend the Contract. The performance bond includes the Takeover period of the Contract (ending June

30th 2010) for the amount equal to 25% of the Implementation fee (Takeover price), and, thereafter, a new annual (or re-issued) performance bond equal to 25% of the annual estimated contract amount covering each subsequent annual period of the Operations Phase of the Contract. The Contractor must provide annual (or re-issued) performance bonds to the Commonwealth no later than June 30th preceding the annual covered period beginning on July 1st of each year of the Operations Phase. Failure to provide to the Commonwealth the performance bond equal to 25% of the annual estimated contract amount as required prior to the Contract Effective date and, as applicable in the case of an annual performance bond, no later than June 30th preceding each annual covered period beginning on July 1st each year of the Operations Phase, shall result in DMAS' option to terminate the Contract. The successful Contractor shall make all necessary arrangements for the performance bond prior to the Contract Effective date and prior to any subsequent performance bond deadlines in the case of an annual performance bond. The Commonwealth will not assist the Contractor securing the services of any fidelity or guaranty underwriter. Failure to adhere to the requirements of this Contract shall result in DMAS' option to terminate the Contract as a material breach of the Contract.

T. Entire Contract

| The | following | documents, | including | all | subparts | thereof, | are | attached | to | this | Contract | and | are |
|-----|-------------|----------------|--------------|------|----------|----------|-----|----------|----|------|----------|-----|-----|
| mad | e a part of | f this Contrac | ct for all p | urpo | oses: | | | | | | | | |

- i). This signed form and all named Exhibits and Attachments;
- ii). DMAS Request for Proposal (2008-02), dated August 13, 2008 as amended;
- iii). DMAS fully executed Business Associate Agreement (BAA) dated
- iv). The Contractor's Proposal dated _____ and negotiated modifications to the Proposal detailed in the letter from ____ dated ____, all of which are incorporated herein.

This Contract and its Exhibits constitute the entire agreement between DMAS and Contractor and supersede any and all previous representations, understandings, discussions or agreements between DMAS and Contractor as to the subject matter hereof. The provisions of the Virginia Department of General Services, Division of Purchases and Supply Vendor's Manual shall not apply to this Contract. This Contract may only be amended by an instrument in writing signed by DMAS and Contractor. DMAS and Contractor each acknowledge that it has had the opportunity to review this Contract and to obtain appropriate legal review if it so chose.

Executed as of the last date set forth below by the undersigned authorized representatives of DMAS and Supplier.

| Contractor | DMAS |
|---------------------|---------------------|
| Ву: | Ву: |
| (Signature) | (Signature) |
| Name: | Name: |
| (Print) | (Print) |
| Title: | Title: |
| Date: | Date: |
| Address for Notice: | Address for Notice: |
| | |
| | |